

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3107-01
Bill No.: HB 1429
Subject: Agriculture and Animals; Agriculture Dept.; Property, Real and Personal
Type: Original
Date: January 29, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Genetically Engineered Seed Fund *	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds *	\$0	\$0	\$0

* offsetting revenues and expenditures.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **State Treasurer's Office** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Agriculture** assume this proposal would require the Department to register farmers who plant patented seed and want to retain enough seed from the harvest to replant, on the farmers property, the following planting season. The Department would collect a seven dollar (\$7) per bushel fee for the retention of such seed. Six dollars (\$6) of the seven dollar (\$7) fee would be paid quarterly to the person or persons holding the patent for the seed. One dollar would be used by the Department for administrative costs.

There were 5,150,000 acres of soybeans planted in Missouri in 2000. Seventy percent of seed planted is genetically modified, therefore, seventy percent would be patented seed or 3,605,000 acres planted with patented seed. Approximately 50 lbs. of seed is planted per acre ($3,605,000 \times 50 = 180,250,000$ lbs.). One bushel of soybeans weighs 60 lbs., therefore, there are 3,004,167 bushels of seed planted in Missouri ($180,250,000$ divided by $60 = 3,004,167$). Approximately seventy percent is patented seed so 2,102,917 bushels of patented seed is planted in Missouri annually ($3,004,167 \times .70 = 2,102,917$). Assuming 50 percent of the farmers using patented seed would want to retain seed for replanting the next year, retained seed would amount to 1,051,459 bushels of soybeans from patented seed planted. If you multiply that result by the \$7 per bushel fee, it would generate \$7,360,213 in fees. One dollar is kept for administrative purposes and \$6 goes to the patent owner. This is only one crop. It is the main crop using patented seed; however, there will probably be some cotton, wheat, and other crops with patented seed that would be affected by this legislation.

The Department estimated salary cost of \$30,204 per year plus benefits at 36.1%, with an annual increase at 5%, for one Executive 1 position, and equipment and expenses of \$8,501 for FY 2003.

Oversight has reduced the estimated FY 2003 equipment expenditure by \$1,050 since system furniture would incorporate a cabinet and desk. Oversight assumes the Department could absorb the office space cost and any other expense and equipment cost from existing resources. The proposal would provide for the payment of any unused administrative fees to the Briemeyer center for food policy, and Oversight has assumed that all revenues and expenditures would be processed through the Genetically Engineered Seed Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENETICALLY ENGINEERED SEED FUND			
<u>Revenue</u> - Department of Agriculture			
Seed retention fees	<u>\$7,360,213</u>	<u>\$7,581,019</u>	<u>\$7,808,450</u>
<u>Expenditure</u> - Department of Agriculture			
Payments to patent holders	<u>(\$6,308,754)</u>	<u>(\$6,498,016)</u>	<u>(\$6,692,957)</u>
<u>Cost</u> - Department of Agriculture			
Personal Service (one FTE)	(\$25,799)	(\$31,733)	(\$32,526)
Fringe Benefits	(\$9,290)	(\$11,427)	(\$11,713)
Expense and Equipment	<u>(\$7,460)</u>	<u>\$0</u>	<u>\$0</u>
Total cost - Department of Agriculture	<u>(\$42,549)</u>	<u>(\$43,160)</u>	<u>(\$44,239)</u>
<u>Payments</u> - to Briemeyer Center for Food Policy	<u>(\$1,008,910)</u>	<u>(\$1,039,843)</u>	<u>(\$1,071,254)</u>
Total expenditures, cost, and payments	<u>(\$7,360,213)</u>	<u>(\$7,581,019)</u>	<u>(\$7,808,450)</u>
ESTIMATED NET EFFECT ON GENETICALLY ENGINEERED SEED FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have an impact to small businesses engaged in farming or seed production.

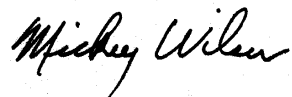
DESCRIPTION

This proposal would create the Genetically Engineered Seed Fund in the state treasury. The Missouri Department of Agriculture would register farmers who plant patented seed and want to retain enough seed from the harvest to replant, on the farmers property, the following planting season. The Department would collect a seven dollar per bushel fee for the retention of such seed. Six of the seven dollars per bushel would be paid quarterly to the person or persons holding the patent for the seed. One dollar would be retained by the Department for administrative costs, and any portion of the administrative cost allowance not used by the Department would be paid to the Briemeyer center for food policy.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would affect total state revenue.

SOURCES OF INFORMATION

Department of Agriculture
Department of Revenue
State Treasurer's Office



Mickey Wilson, CPA
Acting Director
January 29, 2002